

DEPARTMENT OF HEALTH AND HUMAN SERVICES
HEALTH CARE FINANCING ADMINISTRATION

FORM APPROVED
OMB NO. 0938-0193

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL

FOR: HEALTH CARE FINANCING ADMINISTRATION

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

1. TRANSMITTAL NUMBER:
03-014

2. STATE
CA

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE
SOCIAL SECURITY ACT (MEDICAID)

4. PROPOSED EFFECTIVE DATE

~~July 1, 2001~~ April 1, 2003 *12*

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN

☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN

☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

42 CFR 447.250

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19 A, Pages 27A, 28, 29hhhhh-29rrrr

7. FEDERAL BUDGET IMPACT:

a. FFY 2002 \$ 0

b. FFY Subsequent yrs \$ 0

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable):

Attachment 4.19 A, Pages 27A, 28, 29hhhhh-29rrrr

10. SUBJECT OF AMENDMENT: IMD

11. GOVERNOR'S REVIEW (Check One):

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT

☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED

☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

☒ OTHER, AS SPECIFIED:

The Governor's Office does not wish to review
State Plan Amendments

12. SIGNATURE OF STATE AGENCY OFFICIAL:

Stan Rosenberg 4/1/03

13. TYPED NAME:

Stan Rosenberg

14. TITLE:

Acting Deputy Director, Medical Care Services

15. DATE SUBMITTED:

16. RETURN TO:

Department of Health Services
Attn: State Plan Coordinator
714 P Street, Room 1640
Sacramento, CA 95814

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

4/2/03

18. DATE APPROVED:

June 23, 2003

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

4-1-03

21. TYPED NAME:

Dennis G. Smith

20. SIGNATURE OF REGIONAL OFFICIAL:

Dennis G. Smith

22. TITLE:

Director, CMSO

23. REMARKS:

P&I changes per State to correct effective date June 23, 2003.

- c. If the steps set forth in paragraph b. are not adequate to align the program with the federal allotment, the adjusted total per diem composite amounts for all eligible hospitals for the entire payment adjustment year shall be further reduced proportionately to align the program with the federal allotment, but in no event to a level that would result in adjusted total per diem composite amounts that are less than 65 percent of the total per diem composite amounts that would have been payable had no reductions taken place.
- d. At such time as all eligible hospitals have been reduced to the 65 percent level set forth in paragraph b. and paragraph c., the adjusted total per diem composite amounts for all eligible hospitals shall be further reduced proportionately as necessary to align the program with the federal allotment.
- e. This subsection 5 shall not apply to the 1995-96 payment adjustment year.

6. Mental Health Limitation.

- a. *With respect to the 1997-98 payment adjustment year and each subsequent payment adjustment year, the aggregate payment adjustment amount for mental health facilities shall not exceed the lesser of \$1,562,298 or 0.071% of the total disproportionate share hospital allotment for the particular payment adjustment year, as required under the provisions of Section 1396r-4(h) of Title 42 of the United States Code.*
- b. *For purposes of this subsection, mental health facilities are institutions for mental disease, psychiatric acute care hospitals, and psychiatric health facilities. Mental health services provided by general acute care hospitals in psychiatric wards, wings, distinct parts, and units are not services provided by a "mental health facility."*
- c. *For purposes of this subsection, mental health services includes acute inpatient and outpatient services provided in a psychiatric acute care hospital, psychiatric health facility, or, for patients under 21 years of age or over 64 years of age, in an institution for mental disease.*

7. The data utilized by the Department shall relate to the hospital under present and previous ownership. When there has been a change of ownership, a change in the location of the main hospital facility, or a material change in patient admission patterns during the twenty-four months immediately prior to the payment adjustment year, and the change has resulted in a diminution of access for Medi-Cal inpatients at the hospital as determined by the Department, the Department shall, to the extent permitted by federal law, utilize current data that are reflective of the diminution of access, even if the data are not annual data.
8. The system of payment adjustments described in the former version of Attachment 4.19A (effective July 1, 1990) will become inoperative as of the approval date of this Attachment.
9. The payment adjustments under SPA 91-15 are not in consideration for services rendered prior to the effective date approved by HCFA. Such payment adjustments are distributed in conjunction with claims paid on and after the effective date as a mechanism to allocate funds relating to periods of time on and after the effective date.
10. If any payment adjustment that has been paid, or that is otherwise payable, under this Attachment exceeds the hospital-specific limitations set forth in Section J. of this Attachment, the Department shall withhold or recoup the payment adjustment amount that exceeds the limitation. The nonfederal component of the amount withheld or recouped shall be redeposited in, or shall remain in, the fund, as applicable, until used for the purposes described in paragraph (2) of subdivision (j) of Section 14163 of the Welfare and Institutions Code.
11. The payment adjustments under this Attachment shall be limited as specified in other provisions of this Attachment.

State: CaliforniaAttachment 4.19-A
Page 29hhhh

h. The Department shall increase or decrease the amount determined for each eligible hospital under paragraph e. or f., as applicable, by multiplying the amount by an identical percentage, yielding the hospital's tentative adjusted projected total payment adjustment amount for the period October 1 through June 30 of the applicable payment adjustment year. The identical percentage figure to be used for this purpose shall be that percentage that is derived by dividing the amount set forth in paragraph b. by the aggregate sum determined under paragraph g. In no case, however, shall the amount determined for a hospital under paragraphs e. or f. be increased such that it would exceed the OBRA 1993 payment limitation for the hospital, and, where such would otherwise occur, the remaining amount that would have been allocated to the particular hospital shall be reallocated to all other hospitals (that have not reached their OBRA 1993 payment limitation) on a descending pro rata basis so that the aggregate sum of the tentative adjusted projected total payment adjustment amounts for all hospitals equals the amount set forth in paragraph b.

i. The tentative adjusted projected total payment adjustment amount computed for each eligible hospital under paragraph h. shall be further adjusted as follows:

(1) Nonpublic/converted hospitals.

(a) For each eligible hospital that meets the definition of a nonpublic/converted hospital as of July 1 of the applicable payment adjustment year, the hospital's tentative adjusted projected total payment adjustment amount shall be multiplied by a "nonpublic/converted hospital adjustment factor." The applicable adjustment factor shall be 0.835; except, however, where the hospital also meets the definition of a major teaching hospital as of July 1 of the applicable payment adjustment year, the applicable adjustment factor shall be the lesser of 1.00, or that which is necessary to result in an amount for the particular hospital equal to thirty-five million eight hundred thousand dollars (\$35,800,000).

(b) The resulting product shall be the final adjusted projected total payment adjustment amount for the hospital for the period October 1 through June 30 of the applicable payment adjustment year, which shall be paid to the hospital in accordance with paragraph k. **to the extent paragraph j. does not apply.** In no case, however, shall the final adjusted projected total payment adjustment amount exceed the hospital's OBRA 1993 payment limitation.

(2) Converted Hospitals.

(a) For each eligible hospital that meets the definition of a converted hospital as of July 1 of the applicable payment adjustment year, the hospital's tentative adjusted projected total payment adjustment amount shall be multiplied by a "converted hospital adjustment factor." The applicable adjustment factor shall be derived as follows:

(i) The maximum OBRA 1993 limit percentage that is applicable to the hospital for the applicable payment adjustment year pursuant to subsection 5. of Section J. shall be subtracted from 175 percent (the maximum percentage that was applicable to the hospital as a public hospital during the 1999-2000 payment adjustment year).

(ii) The converted hospital adjustment factor shall be that figure derived in subclause (i), expressed as a fraction, subtracted from 1.00.

(b) The resulting product shall be the final adjusted projected total payment adjustment amount for the hospital for the period October 1 through June 30 of the applicable payment adjustment year, which shall be paid to the hospital in accordance with paragraph *k. to the extent paragraph j. does not apply*. In no case, however, shall the final adjusted projected total payment adjustment amount exceed the hospital's OBRA 1993 payment limitation.

(3) Nonpublic Hospitals.

(a) For each eligible hospital that meets the definition of a nonpublic hospital as of July 1 of the applicable payment adjustment year, the hospital's tentative adjusted projected total payment adjustment amount shall be multiplied by a "nonpublic hospital adjustment factor." The applicable adjustment factor shall be derived as follows:

(i) The tentative adjusted projected total payment adjustment amount determined under paragraph h. for each nonpublic hospital described above shall be added together.

- (ii) The amount identified in paragraph b. shall be divided by 2.237.
- (iii) The resulting figure in clause (ii) shall be increased by an amount equal to the product of the medical assistance increment multiplied by the maximum amount identified in paragraph a.
- (iv) The amount derived under clause (iii) shall be reduced by the following:
 - (I) the sum of the amounts determined for all nonpublic/converted hospitals under subparagraph (1); and
 - (II) the sum of that portion of the amount determined for any converted hospital under subparagraph (2) that is in excess of that amount equal to 31 percent of all payment adjustment amounts that were payable to the hospital for that payment adjustment year in which the hospital was last an eligible hospital meeting the definition of a public hospital.
- (v) The amount computed under subclause (iv) shall be divided by 2, and the result thereof further reduced by the amount of thirty-three million five hundred thousand dollars (\$33,500,000).
- (vi) The applicable adjustment factor shall be that ratio that results from dividing the amount derived in subclause (v) by the amount derived in subclause (i).
- (b) The resulting product shall be the final adjusted projected total payment adjustment amount for the hospital for the period October 1 through June 30 of the applicable payment adjustment year, which shall be paid to the hospital in accordance with paragraph *k. to the extent paragraph j. does not apply*. In no case, however, shall the final adjusted projected total payment adjustment amount exceed the hospital's OBRA 1993 payment limitation, and, where such would otherwise occur, the remaining amount that would have

been allocated to the particular hospital shall be reallocated to all other nonpublic hospitals (that have not reached their OBRA 1993 payment limitation) on a descending pro rata basis so that the aggregate sum of the final adjusted projected total payment adjustment amounts for all nonpublic hospitals equals the amount derived in subclause (v) of clause (a).

(4) Public Hospitals.

- (a) For each eligible hospital that meets the definition of a public hospital as of July 1 of the applicable payment adjustment year, the hospital's tentative adjusted projected total payment adjustment amount shall be multiplied by a "public hospital adjustment factor." The applicable adjustment factor shall be derived as follows:
- (i) The tentative adjusted projected total payment adjustment amounts determined under paragraph h. for each public hospital described above shall be added together.
 - (ii) The amount identified in paragraph b. shall be reduced by the sums of the amounts determined for all nonpublic/converted hospitals under subparagraph (1) and all converted hospitals under subparagraph (2), and the sum of the amounts determined for all nonpublic hospitals under subparagraph (3).
 - (iii) The applicable adjustment factor shall be that ratio that results from dividing the amount derived in subclause (ii) by the amount derived in subclause (i).
- (b) The resulting product shall be the final adjusted projected total payment adjustment amount for the hospital for the period October 1 through June 30 of the applicable payment adjustment year, which shall be paid to the hospital in accordance with paragraph *k. to the extent paragraph j. does not apply*. In no case, however, shall the final adjusted projected total payment adjustment amount exceed the hospital's OBRA 1993 payment limitation, and, where such would otherwise occur, the remaining amount that would have

been allocated to the particular hospital shall be reallocated to all other public hospitals (that have not reached their OBRA 1993 payment limitation) on a descending pro rata basis so that the aggregate sum of the final adjusted projected total payment adjustment amounts for all public hospitals equals the amount derived in subclause (ii) of clause (a).

- j. If the Mental Health Limitation specified in subsection 6. of Section D. is applicable for the payment adjustment year, the amount computed under paragraph i. for each mental health facility shall be reduced on a pro-rata basis to the extent the aggregate payment for mental health facilities computed under paragraph i. exceeds the limitation in subsection 6. of Section D. the amount so reduced shall be used for purposes of paragraph k.***
- k. The final adjusted projected total payment adjustment amount determined for each eligible hospital for the period October 1 through June 30 of the applicable payment adjustment year shall be distributed to the hospital in 8 equal installments, each payable as of the last day of each month from October through May of the applicable payment adjustment year. However, no hospital shall receive an installment for any month in which the hospital does not remain in operation for the entire month. To the extent that any hospital of either of the hospital types described in subparagraph (3) or (4) of paragraph i. is not entitled to receive an installment that otherwise would be payable but for the hospital's failure to remain in operation through the last day of a particular month, the amount that would have been paid to the hospital shall be redistributed among those hospitals of the same hospital type that remain in operation from October 1 through June 30 of the applicable payment adjustment year, to be distributed on a pro rata basis. The redistributed amounts shall be payable as of June 30 of the applicable payment adjustment year.**
- l. If, with respect to the 2001-02 payment adjustment year or any subsequent payment adjustment year, the amount identified for California for the applicable federal fiscal year pursuant to Section 1396r-4(f) of Title 42 of the United States Code exceeds the amount of eight hundred seventy-seven million dollars (\$877,000,000), the Department shall implement the provisions of paragraphs a. through j. with respect to the applicable payment adjustment year as modified below.**